

Budget Brief - Tax Commission

NUMBER CR-TC-01

PURPOSE

The Tax Commission collects revenue for state and local governments and administers tax and motor vehicle laws. It handles revenue from more than 40 taxes, surcharges and fees, registers automobiles and regulates the automobile dealer industry.

ISSUES

Motor Vehicle office lease increases at a cost of \$150,000 from the General Fund. The St. George and Richfield office leases are about to expire and the current office space is inadequate to the growing population.

Liquor Profit Distribution is required by code to increase by \$608,100 from Alcoholic Beverage Enforcement & Treatment Fund.

Replace the state's core tax systems: Income Tax, Employer Withholding, Corporate Tax, Fuel Tax, and Sales Tax including local option tax distribution at a cost of \$24,000,000 General Fund and \$6,000,000 Uniform School Fund. First year funding is \$8,000,000 General Fund and \$2,000,000 Uniform School Fund.

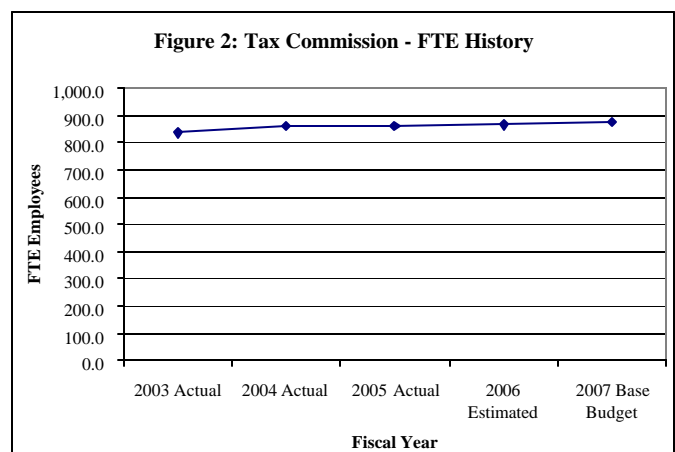
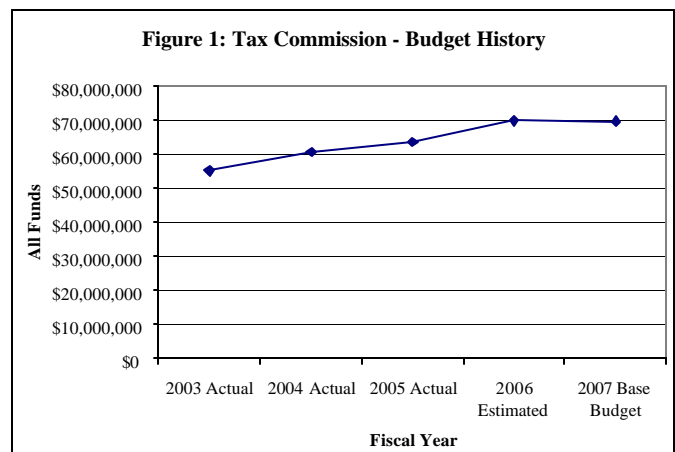
See: **Issue Brief - Tax Commission Fees.** This issue brief details proposed fees for Legislative approval.

Federal Funds: The Tax Commission will get \$440,400 in federal funds for contract auditing and training with Interior and Transportation departments.

PROPOSED INTENT

The Legislature intends that this appropriation not lapse and that unexpended balances be spent of modernization of tax and motor vehicle systems and Streamlined Sales Tax implementation.

BUDGET AT A GLANCE



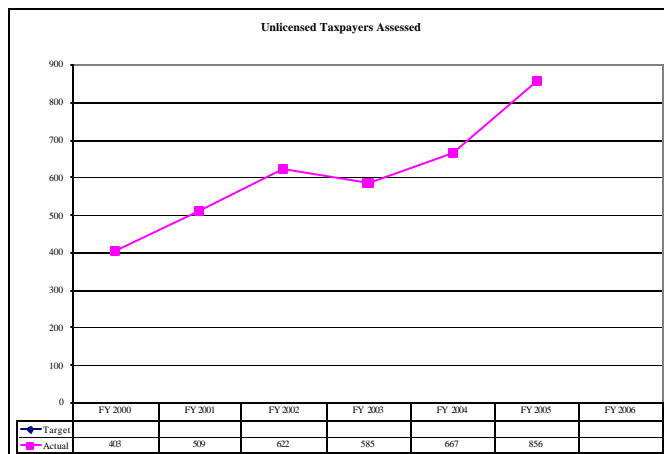
PERFORMANCE MEASURES**Auditing**

Measure: Audit Satisfaction Rating.

Goal: Improve customer satisfaction.

Methodology: This rating is from the post-audit surveys sent to taxpayers, and is based on a scale of 1 to 5. A rating of 5 means the taxpayer “strongly agrees” with the statement, “overall, I was satisfied with the manner in which the audit was conducted,” and a rating of 1 means the taxpayer “strongly disagrees” with the statement.

Measure Type: Output.

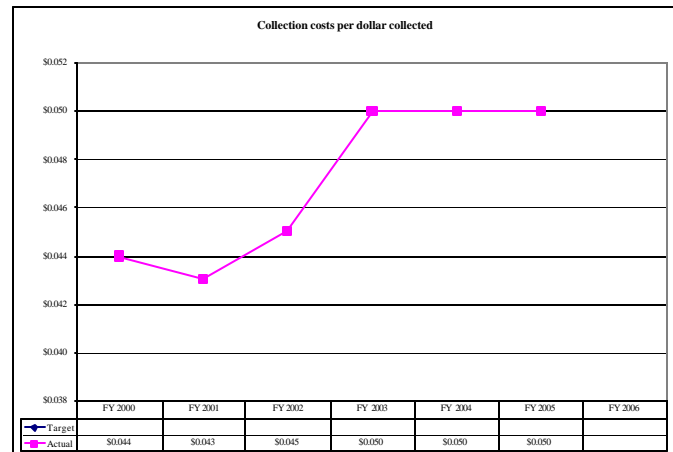


Measure: Unlicensed Taxpayers Assessed.

Goal: Have all taxpayers pay their fair share.

Methodology: This number represents discovery and audit of unlicensed sales tax and corporate franchise tax liabilities.

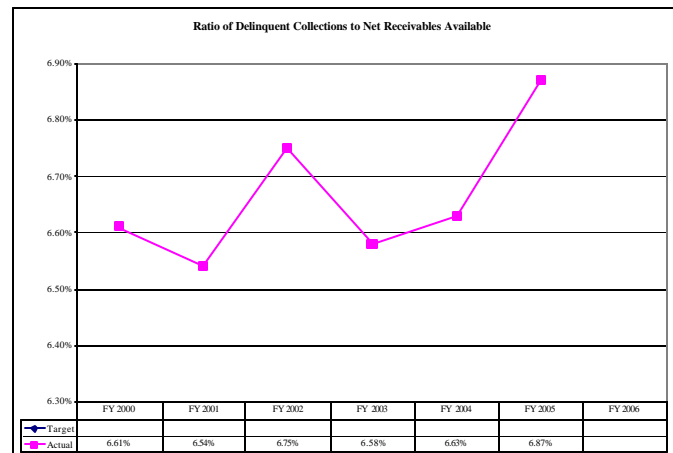
Measure Type: Outcome.

Tax Payer Services

Measure: Collection cost per dollar collected.

Goal: Keep collection costs low.

Methodology: This graph shows that the cost of collections has stabilized at \$0.005 per dollar. This is an “FYI” measure. Too much emphasis on the measure might result in the division avoiding difficult to collect cases.



Measure: Ratio of delinquent collections to net receivables available.

Goal: Taxpayers pay their fair (legal) share.

Methodology: Divide prior year delinquent collections by net receivables available.

Measure Type: Output.

Tax Payer Services



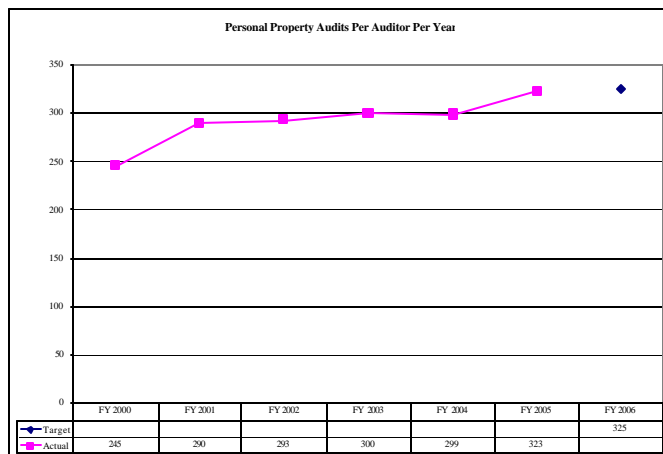
Measure: Prior Year Delinquent Collections.

Goal: Taxpayers pay their fair (legal) share. Goals should be set for reducing the number of accounts that go from 30 to 60 to 90 days past due.

Methodology: Count prior year delinquent collections.

Measure Type: Output.

Property Tax



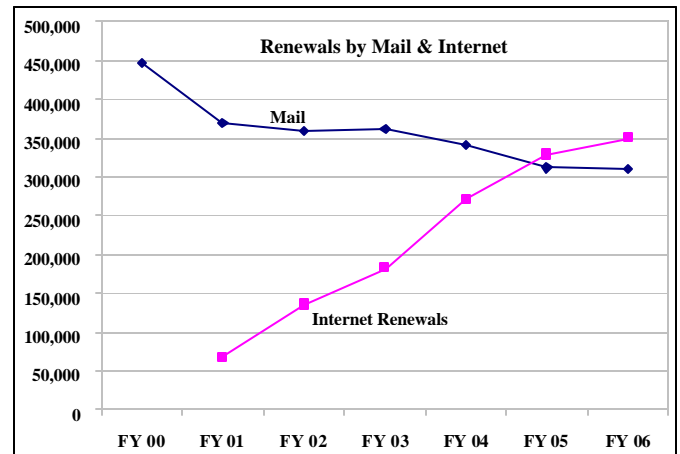
Measure: Personal Property Audits per Auditor per Year.

Goal: Measure workload and efficiency of property auditors.

Methodology: Divide the number of personal property audits per year by the average number of auditors.

Measure Type: Output.

Motor Vehicles



Measure: Renewals by Mail and Internet

Goal: Improve efficiency by shifting to electronic processing.

Methodology: Count transactions by type.

Measure Type: Output.

Motor Vehicle Enforcement



Measure: Recovered Stolen Vehicles

Goal: Recover stolen vehicles

Methodology: Count the number of motor vehicles recovered.

Measure Type: Outcome.

Recommended Base Budget

The Analyst recommends the FY 2007 base budget shown below. Of the \$69,752,500 total, \$22,180,500 is from the General Fund and \$18,151,400 is from the Uniform School Fund.

Tax Commission						
	FY 2005	FY 2006		FY 2006		FY 2007*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	20,977,200	22,180,500	0	22,180,500	0	22,180,500
Uniform School Fund	17,430,500	18,151,400	0	18,151,400	0	18,151,400
Transportation Fund	5,857,400	5,857,400	0	5,857,400	0	5,857,400
Federal Funds	429,700	438,200	25,800	464,000	(30,000)	434,000
Dedicated Credits Revenue	11,078,600	10,731,800	(523,200)	10,208,600	0	10,208,600
GFR - Alc Bev Enf & Treatment	3,133,700	3,741,900	0	3,741,900	0	3,741,900
GFR - Sales and Use Tax Admin Fees	7,132,000	7,491,300	0	7,491,300	(24,400)	7,466,900
TFR - Uninsured Motorist I.D.	133,800	133,800	0	133,800	0	133,800
Transfers	277,400	0	0	0	0	0
Transfers - Utah State Tax Commission	11,700	0	0	0	0	0
Beginning Nonlapsing	9,213,200	7,822,400	4,086,600	11,909,000	(1,578,000)	10,331,000
Closing Nonlapsing	(11,909,000)	(6,480,500)	(3,850,500)	(10,331,000)	1,578,000	(8,753,000)
Total	\$63,766,200	\$70,068,200	(\$261,300)	\$69,806,900	(\$54,400)	\$69,752,500
Line Items						
Tax Administration	58,757,500	64,152,300	(508,100)	63,644,200	(54,400)	63,589,800
License Plates Production	1,875,000	2,174,000	246,800	2,420,800	0	2,420,800
Liquor Profit Distribution	3,133,700	3,741,900	0	3,741,900	0	3,741,900
Total	\$63,766,200	\$70,068,200	(\$261,300)	\$69,806,900	(\$54,400)	\$69,752,500
Categories of Expenditure						
Personal Services	43,786,400	47,721,600	248,300	47,969,900	(154,600)	47,815,300
In-State Travel	193,600	198,600	10,100	208,700	0	208,700
Out of State Travel	488,700	497,400	500	497,900	0	497,900
Current Expense	11,733,500	13,621,800	(450,800)	13,171,000	(55,800)	13,115,200
DP Current Expense	3,901,100	3,708,600	(317,200)	3,391,400	(180,100)	3,211,300
DP Capital Outlay	529,200	360,100	(188,600)	171,500	189,200	360,700
Capital Outlay	0	219,800	380,200	600,000	201,500	801,500
Other Charges/Pass Thru	3,133,700	3,740,300	56,200	3,796,500	(54,600)	3,741,900
Total	\$63,766,200	\$70,068,200	(\$261,300)	\$69,806,900	(\$54,400)	\$69,752,500
Other Data						
Budgeted FTE	863.0	861.0	5.0	866.0	10.0	876.0
Vehicles	57	58	(1)	57	0	57

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.